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Lower loan rates, target prices in budget accord

WASHINGTON, Dec. 28. — President Reagan last week signed budget measures designed to reduce federal payments to farmers by $2.5 billion over the next 21 months through a combination of lower target price payments and limits on reductions in price support loan rates, along with adjustments in acreage diversion programs for wheat, feed grains and other crops.

Under the catch-all appropriations measure and the deficit-reduction package sent by Congress to the President on Dec. 22, target prices for 1988 and 1989 crops of wheat, feed grains, cotton and rice will be cut 1.5% from those prescribed in the Food Security Act of 1985. Loan rates will be reduced by 3% for the 1988 crop and by up to 7% for 1989.

"None of us, Democrats or Republicans, wanted to make these cuts," said Senator Patrick J. Leahy of Vermont, chairman of the Senate Committee on Agriculture, Nutrition and Forestry. "But we must do our job. These cuts meet our budget requirements and are far superior to an across-the-board sequester."

Senator Leahy pointed out that without passage of the omnibus budget reconciliation package, the Gramm-Rudman-Hollings deficit reduction act would have forced an 8.5% reduction on all programs. "Gramm-Rudman," he said, "would have cut corn, wheat and cotton deficiency payments by 16%. The package we have developed makes cuts in a much more reasonable and equitable manner."

The compromise adopted by House and

Continued on Page 15

LATE NEWS HIGHLIGHT

Southern Pacific to Denver & Rio Grande Western

CHICAGO, Dec. 28. — Santa Fe Southern Pacific Corp. said today that it has completed a purchase agreement with Rio Grande Industries, Inc., for the sale of Southern Pacific Transportation Co. to the Denver & Rio Grande Western Railroad Co. Robert D. Krebs, chief executive officer of S.F.S.P., said the gross price was approximately $1.8 billion, which includes $1.02 billion in cash and assumption of outstanding debt of Southern Pacific Transportation. D.R.G.W. is expected to file a petition with the Interstate Commerce Commission within 60 days for control of or merger with Southern Pacific. Kansas City Southern Industries, Inc., today said it was "disappointed and mystified" by the S.F.S.P. announcement, noting that its bid for Southern Pacific is "substantially higher." Kansas City Southern said it will continue to pursue the acquisition.

McLaughlin of American Maize heads Corn Refiners

WASHINGTON, Dec. 28. — Patric J. McLaughlin, president, Corn Processing Division, American Maize-Products Co., Stamford, Conn., has been elected chairman of the Corn Refiners Association. Ernest S. Micek, president, Domestic Corn Milling Division, Cargill, Inc., Minneapolis, was elected vice-chairman. As chairman, Mr. McLaughlin succeeds Martin L. Andreas, vice-president of Archer Daniels Midland Co., Decatur, Ill., and president of ADM Corn Sweeteners. Robert C. Liebenow continues as president.

Bregman Partners raises stake in Multifoods

WASHINGTON, Dec. 28. — Bregman Partners, a Toronto-based investment company representing Bregman and Belzberg family interests in Canada

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THE INSIDE

China leads export buying 14
Volume of wheat export workings aggregates more than 2 million tonnes in week, with China alone taking more than 1 million.

Metz views baking careers 72
A.I.B. graduates told by Henry J. Metz that commitment, quality and fundamentals are key success factors in baking.

Shift in U.K. bread use 75
British Federation of Bakers says wholemeal bread consumption has peaked, with soft white bread varieties growing in popularity.

In this week's issue:

Wholesale Baking Profile: 1988

WONDER.

Hi-Fiber

SOFT WHEAT

HERE'S TO GOOD HEALTH WITH GREAT TASTE.
Wonder Hi-Fiber lets you enjoy the goodness of fiber in a soft, mild-tasting wheat bread. And according to the National Cancer Institute, a high-fiber, low-fat diet may help reduce the risk of some types of cancer.

1½ TIMES THE FIBER OF ORDINARY WHOLE WHEAT BREAD.
Not just good eating, but smart eating.

FIBER FROM NATURAL SOURCES ONLY.
The fiber in Wonder Hi-Fiber Wheat is a special blend of corn and wheat brans and oat fiber. So the goodness comes naturally.

NO CHOLESTEROL, LOW IN SODIUM.
Just knowing it makes you feel better.

ALL VEGETABLE SHORTENING.

NO ARTIFICIAL PRESERVATIVES.

Continental Baking's Wonder Hi-Fiber bread cites National Cancer Institute diet recommendations. See Page 16.

Wholesale Baking Profile: 1988

A reference source on the leading companies in wholesale baking as compiled by

Milling & Baking News

Sponsored by Watson Foods Co., Inc.

Wholesale Baking Profile: 1988

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"Wholesale Baking Profile: 1988" is designed as a guide to wholesale baking as the industry begins 1988 after completing one of the most significant restructuring years in modern history. The compilations in this guide, including those showing company sales, plant numbers and plant locations by geographic area, are based on existing operations as of December 1987 as well as pending mergers and acquisitions. That is, plant and sales numbers have been adjusted to reflect all acquisition transactions announced as of December, whether completed or not. Information in this section has been obtained from several sources, including financial statements of companies, securities analysts, research by Milling & Baking News as well as its own news columns.

While the listings in this guide are grouped into logical categories — such as wholesale bread and cake companies, supermarket companies operating central baking plants, and cookie and cracker bakers — there are some inherent limitations in comparing individual companies: (a) Detailed information on privately owned companies generally is limited; (b) An increasing number of baking companies now are owned by larger publicly owned companies that may or may not disclose details of subsidiary operations; (c) Some companies' operations are entirely within one segment of baking, such as bread and cake, while others have operations in several segments of baking — cookies and crackers as well as bread and cake, or retail as well as wholesale, or foreign as well as domestic.

"Wholesale Baking Profile: 1988" includes the following:

- **Bread/cake companies ranked by annual sales..... Page 45.**
- **Bread/cake companies by regional plants.....Pages 46-47.**
- **Bread/cake companies with 10 or more plants..... Page 50.**
- **Profiles of selected bread/cake companies .....Pages 51-52.**
- **Supermarket company baking plant operations..... Page 53.**
- **Cookie/cracker companies by sales, plants..... Page 53.**

U.S. bread and cake companies ranked by annual sales

(Annual sales, in millions, for selected bread and cake companies)

Continental Baking Co. (Ralston Purina Co.)	$1,842
Campbell Taggart, Inc. (Anheuser-Busch Companies, Inc.)	1,000*
Interstate Bakeries Corp. (IBC Holdings Corp.)	999*
Kitchens of Sara Lee/Chef Pierre, Inc. (Sara Lee Corp.)	795*
General Foods U.S.A. (Philip Morris Companies, Inc.) Includes Entenmann's/Oroweat/Freihofer	750*
Flowers Industries, Inc.	715*
Pepperidge Farm, Inc. (Campbell Soup Co.)	496
Best Foods Baking Group (CPC International Inc.) Includes Arnold, Brownberry, Devonsheer, Old London, S.B. Thomas.	400*
Heileman Baking Co. (G. Heileman Brewing Co.)	350
McKee Baking Co.	350
Stroehmann Bakeries, Inc. (George Weston, Ltd.)	290*
Mrs. Smith's Frozen Foods Co. (Kellogg Co.)	275*
Rich Products Corp.	200
Metz Baking Co.	150
Mrs Baird's Bakeries, Inc.	150
Drake Bakeries, Inc. (Rock Capital Partners, L.P.)	140
Tastykake, Inc. (Tasty Baking Co.)	134
Lender's Bagel Bakery (Kraft, Inc.)	115*
Alfred Nickles Bakery, Inc.	100
John J. Nissen Baking Co.	100
San Francisco French Bread Co.	90
Schmidt Baking Co.	90
Lewis Bros. Bakeries, Inc.	80
Northeast Foods, Inc.	80
Southern Bakeries, Inc. (Citicorp Venture Capital, Ltd.)	80

* Estimated.

Leaders in number of wholesale bread and cake baking

(Each region shows companies with largest number of plants in that area; thus, some companies

Pacific

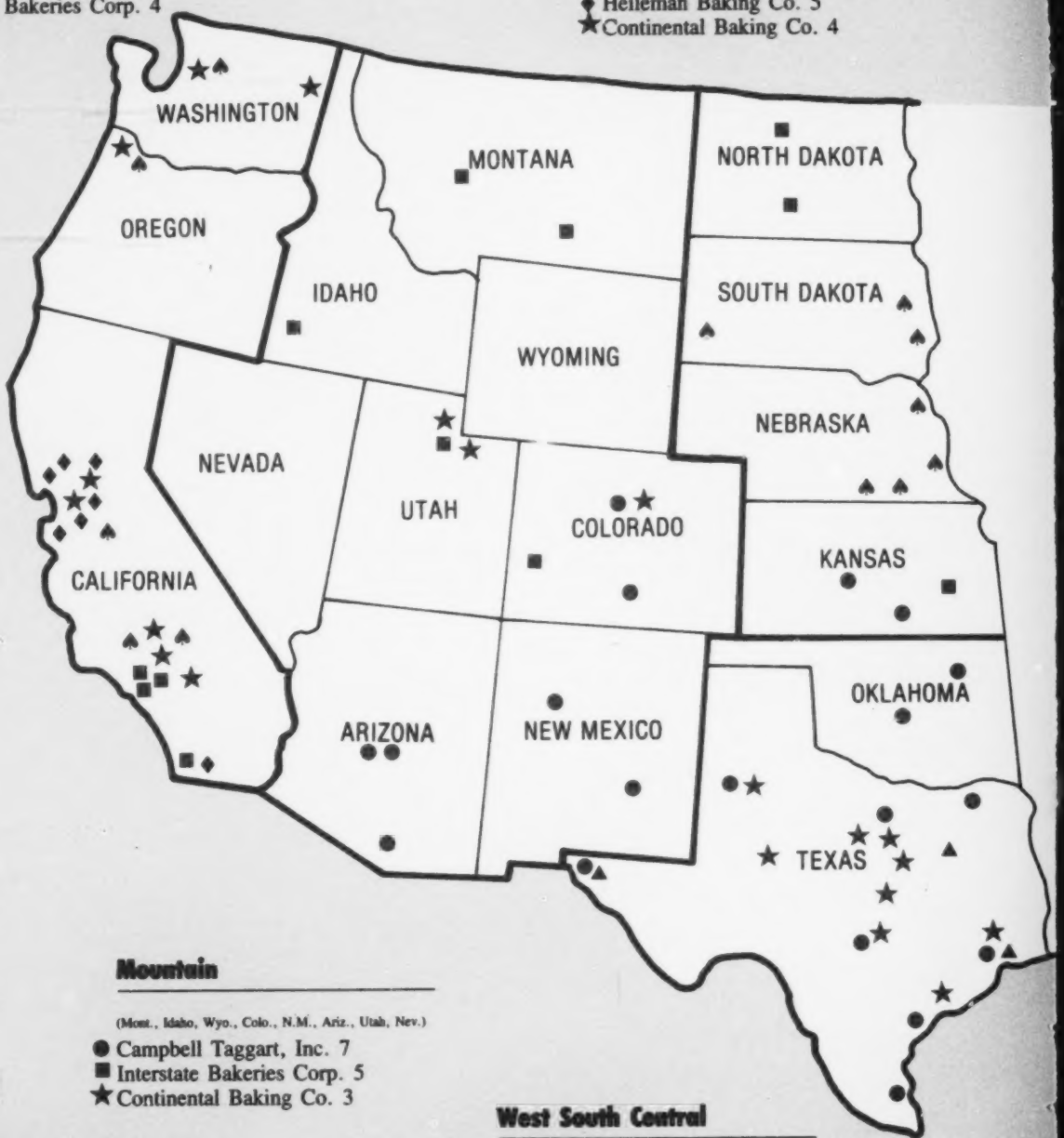
(Wash., Ore., Calif., Alaska, Hawaii)

★ Continental Baking Co. 8
◆ San Francisco French Bread Co. 7
♠ General Foods U.S.A. 5
■ Interstate Bakeries Corp. 4

West North Central

(Minn., Iowa, Mo., N.D., S.D., Neb., Kas.)

♠ Metz Baking Co. 10
● Campbell Taggart, Inc. 6
■ Interstate Bakeries Corp. 5
◆ Heileman Baking Co. 5
★ Continental Baking Co. 4



Mountain

(Mont., Idaho, Wyo., Colo., N.M., Ariz., Utah, Nev.)

● Campbell Taggart, Inc. 7
■ Interstate Bakeries Corp. 5
★ Continental Baking Co. 3

West South Central

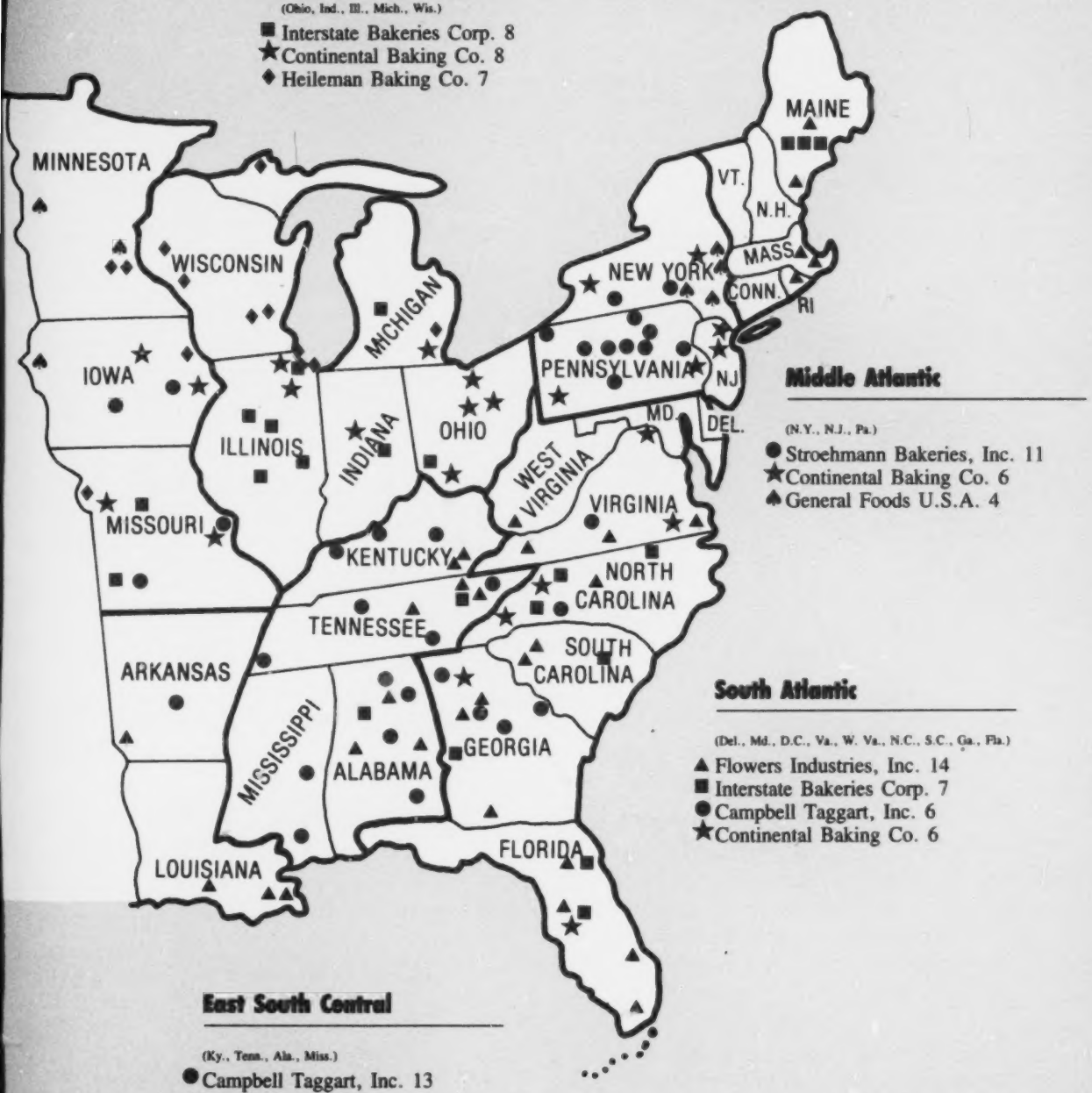
(Ark., La., Okla., Texas)

● Campbell Taggart, Inc. 11
★ Mrs Baird's Bakeries, Inc. 9
▲ Flowers Industries, Inc. 7

(Numbers following each company name refer to total number of plants operated by that company in that region.)

plants by nine geographic regions

are not shown in a region even though they have plants in the area.)



New England

(Maine, N.H., Vt., Mass., R.I., Conn.)

- ▲ John J. Nissen Baking Co. 5
- ■ Lepage Bakeries 3

East North Central

(Ohio, Ind., Ill., Mich., Wis.)

- ■ Interstate Bakeries Corp. 8
- ★ Continental Baking Co. 8
- ◆ Heileman Baking Co. 7

Middle Atlantic

(N.Y., N.J., Pa.)

- ● Stroehmann Bakeries, Inc. 11
- ★ Continental Baking Co. 6
- ♠ General Foods U.S.A. 4

South Atlantic

(Del., Md., D.C., Va., W. Va., N.C., S.C., Ga., Fla.)

- ▲ Flowers Industries, Inc. 14
- ■ Interstate Bakeries Corp. 7
- ● Campbell Taggart, Inc. 6
- ★ Continental Baking Co. 6

East South Central

(Ky., Tenn., Ala., Miss.)

- ● Campbell Taggart, Inc. 13
- ▲ Flowers Industries, Inc. 8
- ■ Interstate Bakeries Corp. 2

U.S. bread and cake companies ranked by number of plants

(Companies with 10 or more plants)

Campbell Taggart, Inc., (Anheuser-Busch Companies, Inc.).....50

Bread and cake plants in 19 states: Alabama, Arizona, Arkansas, California, Colorado, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Mississippi, Missouri, New Mexico, North Carolina, Oklahoma, Tennessee, Texas, Virginia.

Continental Baking Co., Inc. (Ralston Purina Co.) 40

Bread and cake plants in 23 states: Alaska, California, Colorado, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Massachusetts, Michigan, Missouri, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah, Virginia, Washington.

Interstate Bakeries Corp. (IBC Holdings Corp.) 34

Bread and cake plants in 19 states: Alabama, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Louisiana, Michigan, Missouri, Montana, North Carolina, North Dakota, Ohio, South Carolina, Tennessee, Utah.

Flowers Industries, Inc 30

Bread and cake plants in 13 states: Alabama, Arkansas, California, Florida, Georgia, Kentucky, Louisiana, North Carolina, South Carolina, Tennessee, Texas, Virginia, West Virginia.

General Foods U.S.A. (Philip Morris Companies, Inc.).....14
Includes Entenmann's, Oroweat, Freihofer.

Bread and cake plants in 9 states: California, Colorado, Connecticut, Florida, Illinois, New York, Oregon, Texas, Washington.

Vie de France Bakery Corp. (Vie de France Corp.) 14

Bread and cake plants in 14 states: California, Colorado, Connecticut, Georgia, Illinois, Indiana, Massachusetts, Minnesota, Missouri, New Jersey, North Carolina, Pennsylvania, Texas, Virginia.

Best Foods Baking Group (CPC International Inc.).....12
Includes Arnold, Brownberry, Devonsheer, Old London, S.B. Thomas.

Bread and cake plants in 9 states: California, Connecticut, Florida, Illinois, Maryland, Massachusetts, New Jersey, New York, North Carolina, Wisconsin.

Stroehmann Bakeries, Inc. (George Weston, Ltd.) 12

Bread and cake plants in 3 states: Connecticut, New York, Pennsylvania.

Heileman Baking Co. (G. Heileman Brewing Co.).....12

Bread and cake plants in 6 states: Illinois, Iowa, Michigan, Minnesota, Missouri, Wisconsin.

Metz Baking Co 11

Bread and cake plants in 5 states: Iowa, Minnesota, Nebraska, South Dakota, Utah.

Profiles of selected wholesale bread and cake companies

(Factors used in selection include company size, recent changes in ownership, pending acquisitions, sales and market growth, other)

Campbell Taggart, Inc.

Headquarters: Dallas.

Ownership: Subsidiary of Anheuser-Busch Companies, Inc., St. Louis.

Founded: 1925.

Chief executive: Patrick T. Stokes, president, chief executive officer; (corporate vice-president, group executive, Anheuser-Busch).

Annual baked food sales: Approximately $1 billion.

Annual production: In U.S., more than 1.8 billion lbs of bread and rolls and 155 million lbs of cake and Danish.

Number of plants: 50.

Distribution, routes: In 50 markets in the Southeast, Midwest and Southwest, representing 35% of U.S. population; also in Spain, France.

Number of employes: 19,000.

Brands: Colonial, Rainbo, Kilpatrick's, Earth Grains, Natural Hearth, Honey Grain, Grant's Farm, Family Recipes, Break Cake.

Notes: Acquired by Anheuser-Busch in 1982. U.S. bakery division accounts for 68% of sales. Merico, Inc., subsidiary is second largest manufacturer of refrigerated dough products in the U.S. Bimbo baking subsidiary is largest baker in Spain; Le Pain Turner subsidiary is second largest baker in France. U.S. baking plants operate at 66% of capacity.

Continental Baking Co.

Headquarters: St. Louis.

Ownership: Subsidiary of Ralston Purina Co., St. Louis.

Founded: 1924.

Chief executive: Jay W. Brown, chairman; (corporate vice-president of Ralston Purina).

Annual baked food sales: $1.84 billion.

Number of plants: 40.

Distribution, routes: Operates 559 thrift stores. Holds approximate 40% share of national market for snack cakes and pies.

Brands: Wonder, Hostess, Home Pride, Beefsteak, Bread du Jour, Breakfast Bake Shop.

Notes: Acquired by Ralston Purina in 1984. Sold Drake Bakeries, Inc., to investor group in August 1987, recognizing after-tax gain of $43 million on sale. Closed 13 plants in July 1985-September 1987 period.

Flowers Industries, Inc.

Headquarters: Thomasville, Ga.

Ownership: Public.

Founded: 1919.

Chief executive: Amos R. McMullian, chairman and chief executive officer.

Annual baked food sales: Approximately $715 million.

Number of plants: 30.

Distribution, routes: 2,200 company-owned and independent distributor routes in Southeast, Central and West regions.

Number of employes: 9,370.

Brands: Flowers, Beebo, Nature's Own, Breads International, Cobblestone Mill.

Notes: Utilization of systemwide production capacity averages 96% to 106%. Acquisition of Kern's & Associated Bakeries, Knoxville, Tenn., pending.

General Foods U.S.A.

Headquarters: Bay Shore, N.Y.

Ownership: General Foods Corp., subsidiary of Philip Morris Companies, Inc.

(Continued on next page.)

(Continued from preceding page.)

Chief executive: Ervin R. Shames, group president and chief executive; (senior executive vice-president of General Foods).

Annual baked food sales: Approximately $750 million.

Number of plants: 14.

Distribution, routes: Entenmann's 125-item sweet goods line distributed in most major metropolitan areas, with latest introductions on West coast. Oroweat specialty bread distributed in West, Midwest; Freihofer products distributed throughout Northeast.

Brands: Entenmann's, Oroweat, Freihofer.

Notes: General Foods acquired Entenmann's in 1983, Oroweat in 1984 and Charles Freihofer Baking and The Croissants Bakery in 1987. Philip Morris acquired General Foods in 1985.

Heileman Baking Co.

Headquarters: La Crosse, Wis.

Ownership: G. Heileman Brewing Co., La Crosse, subsidiary of Bond Corporation Holdings Limited, Australia.

Chief executive: Michael D. Moon, president.

Annual baked food sales: Approximately $350 million.

Number of plants: 12.

Distribution, routes: Distribution in 12 states.

Number of employes: 4,700.

Brands: Holsum, Hudson Bay Milling, Golden Hearth, Egekvist, Emrich, Gardner, Country Hearth, Taystee, Autumn Grain, D'Italiano, Mickey.

Notes: Acquired four Taystee Division plants from American Bakeries Co. in July 1987, adding Kansas City and Detroit as new markets.

Interstate Bakeries Corp.

Headquarters: Kansas City.

Ownership: Subsidiary of IBC Holdings Corp.

Chief executive: Robert W. Hatch, president and chief executive.

Annual baked food sales: Approximately $999 million.

Number of plants: 34.

Distribution, routes: More than 3,000 routes; bread currently sold in markets representing 20% of U.S. population; cake products currently in markets serving 70% of U.S. population. Operates 465 thrift stores.

Number of employes: 11,300.

Brands: Dolly Madison, Butternut, Weber's, Millbrook, Eddy's, Sweetheart, Sunbeam, Holsum, Mrs. Karl's, Mrs. Cubbison's.

Notes: Management-led leveraged buyout expected to be completed in early 1988. Acquisition of 10 Merita/Cotton's plants of American Bakeries Co. in South, Southeast pending.

Pepperidge Farm, Inc.

Headquarters: Norwalk, Conn.

Ownership: Subsidiary of Campbell Soup Co., Camden, N.J.

Founded: 1937.

Chief executive: Richard A. Shea, president; (corporate vice-president, Campbell Soup).

Annual baked food sales: $496.3 million.

Number of plants: 8.

Distribution, routes: More than 2,000 independent distributors. Operates 83 thrift stores.

Number of employes: 5,000.

Brands: Pepperidge Farm, American Classic, American Collection, Five-Star Fibre.

Notes: Subsidiary of Campbell Soup since 1961.

Stroehmann Bakeries, Inc.

Headquarters: Horsham, Pa.

Ownership: Part of Food Processing Group, George Weston Ltd., Toronto.

Founded: 1924.

Chief executive: Frank W. Coffey, president.

Annual baked food sales: Approximately $290 million.

Number of plants: 12.

Distribution, routes: 40 distribution centers in 10 Northeastern states.

Number of employes: 4,000.

Brands: Stroehmann, Millbrook, Dreikorn, Keystone, Firch, Fibre Goodness, Light 'n Natural, Bohemian Hearth, Earth Harvest.

Notes: Subsidiary of George Weston Ltd. of Canada since 1979. Expected to complete purchase in January 1988 of Flushing, N.Y., bread plant of American Bakeries Co.

Supermarket companies ranked by number of central baking plants

(Companies with 5 or more plants, bread/cake and biscuit/cracker)

The Kroger Co. (Baked Foods Division) **12**
Includes Dillon Companies

Plants in 10 states: Arizona, Colorado, Indiana, Kansas, Kentucky, Missouri, Ohio, South Carolina, Tennessee, Texas.

Safeway Stores, Inc. **9**

Plants in 8 states: Arkansas, Arizona, California, Colorado, Maryland, Oregon, Texas, Washington.

Harvest Day Bakeries (Lucky Stores, Inc.) **5**

Plants in 3 states: Arizona, California, Illinois.

Winn-Dixie Stores, Inc. **5**

Plants in 4 states: Alabama, Florida, Georgia, South Carolina.

Top cookie and cracker companies ranked by annual sales volume

Company	Annual sales in millions	Number of plants
Nabisco Brands, Inc. (RJR Nabisco, Inc.)	**$2,000***	**9**
Plants in 8 states: California, Georgia, Illinois, New Jersey, Oregon, Pennsylvania, Texas, Virginia.		
Keebler Co. (U.B. (Foods) U.S. Ltd.)	**1,005**	**7**
Plants in 6 states: California, Colorado, Georgia, Illinois, Michigan, Ohio.		
Sunshine Biscuits, Inc. (American Brands, Inc.)	**511**	**5**
Plants in 4 states: California, Georgia, Kansas, New Jersey.		
General Biscuit Brands, Inc. (Generale Biscuit)	**300***	**4**
Plants in 3 states: California, Illinois, New Jersey.		
Murray Bakery Products, Inc. (Prospect Group, Inc.)	**200***	**6**
Plants in 6 states: Florida, Georgia, Kentucky, Oklahoma, North Carolina, Texas.		

* Estimated.